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TAGS: [PREL](#) [PGOV](#) [ETRD](#) [RS](#) [CH](#) [GG](#)
SUBJECT: RUSSIA-CHINA STRATEGIC PARTNERSHIP PAYING REAL
DIVIDENDS

REF: MOSCOW 2719

Classified By: Political Minister-Counselor Alice Wells, for reasons 1.
4 (b) and (d)

11. (C) Summary. The Russian government continues to claim publicly a diplomatic victory over what it declares as tacit Chinese support on Georgia despite Beijing's traditional emphasis on national sovereignty and territorial integrity. This is the latest example of successful coordination between the two countries on sensitive political issues such as Burma, Zimbabwe, NATO expansion, missile defense, Taiwan, and Tibet. The growing economic relationship between Russia and China has also provided substance to a strategic partnership that has been better known for the reciprocal "Year of Russia in China" and "Year of China in Russia" than a tangible strategic framework. However, tensions persist in the relationship, including Russia's fundamental discomfort with a rising China, concerns over trade imbalances, and migration problems related to Russian xenophobia. End Summary

China Gives Russia Tacit Support on Georgia

12. (C) In the wake of the Georgia crisis, our MFA contacts report that the Russian government is satisfied that despite China's sensitivities about territorial integrity due to the Tibet, Taiwan, and Xinjiang issues, it has not rejected Russian policies on South Ossetia and Abkhazia. Instead, the Chinese agreed to language in the August 28th Shanghai Cooperation Organization (SCO) summit declaration expressing "support for Russia's active role in assisting peace and cooperation" in the region. Chinese Embassy Political Counselor Gui Congyou (protect) confirms that China, taking into consideration its strategic partnership with Russia, decided not to oppose publicly Russian recognition of South Ossetia and Abkhazia. The Chinese leadership has stated simply that "China takes note of the newest developments" and leaves the parties to read between the lines for their own purposes.

13. (C) While China has indicated that it does not wish to take sides, the Russians privately believe the Chinese have been unhappy with Georgian President Saakashvili for provoking a crisis on the eve of the Beijing Olympic Games. According to MFA's First Asia Department, Chinese President Hu Jintao expressed to PM Putin during their August 8th meeting in Beijing China's surprise at the timing of the crisis, hinting that Saakashvili complicated Chinese hopes of making the Olympics the main international event of the year. Gui separately told us the same, that China was displeased with the timing of the war and held Saakashvili responsible for starting it.

Strategic Partnership Taking on More Substantive Meaning

14. (C) What has been depicted as China's tacit support for

Russian positions on Georgia is the latest example of an increasingly beneficial partnership between the two countries on sensitive foreign policy issues. In the UN Security Council, Russia and China vetoed a U.S.-sponsored resolution on Burma last year, the first joint veto from the two permanent members since 1972. In July of this year, they again acted in concert against the U.S. resolution on Zimbabwe sanctions. In the joint declaration issued during Medvedev's May 23-24 visit to China, Russia convinced China to agree to language specifically opposing missile defense and the expansion of military-political blocks (e.g. NATO), two issues of importance to Russia. As the Russian MFA noted to us with no small amount of satisfaction, after years of letting Russia take the lead, this is the first time China has been so unequivocal in a public statement on these two issues. Similarly, during Taiwanese elections earlier this year and the March unrest in Tibet, the Russian government publicly supported Chinese positions and opposed the politicization of the Olympic Games.

15. (U) On the economic front, the two-way trade turnover in 2007 reached \$40 billion, six times the trade volume of \$6.83 billion a decade ago. This year's trade flow is expected to increase to \$60 billion. A significant portion of the growing economic relationship is energy. While the bulk of energy products are currently transported by railway, a Siberian oil pipeline is under construction and agreement on two gas pipeline projects have been signed. During Medvedev's May visit, the two governments established an energy commission, co-chaired by Deputy Prime Minister Igor Sechin and Vice Premier Wang Qishan, as a framework for regular discussion of energy issues.

16. (C) The mutual political support on foreign policy issues and the increase in the trade relationship give teeth to a strategic partnership that often has been heavy on symbolic gestures and light on substance. Nevertheless, both the MFA and the Chinese Embassy urge us not to overlook the importance of initiatives such as the 2006 "Year of Russia in China" and the 2007 "Year of China in Russia." These cultural exchanges both reflect and foster the importance the two countries place on the bilateral relationship, they assert, as well as help forge goodwill and counter xenophobia among the two neighboring people. The reciprocal years will be followed by the 2009 "Russian Language Year in China" and the 2010 "Chinese Language Year in Russia." According to MFA First Asia Department First Secretary Dmitriy Zhirkov, the language exchange years will coincide with the current Chinese language boom in Russia. At the MFA's feeder school, the Moscow State Institute of International Relations (MGIMO), 80 out of 130 students in the international relations department chose to study Chinese this year.

Tensions Exist Underneath

17. (C) Despite the glowing terms with which both Russian and Chinese officials use to describe the Russian-Chinese relationship, analysts point to several underlying problems. Vasilii Mikheev, Director of the China and Japan Studies Center at the Institute of World Economy and International Relations (IMEMO), asserts that Russia has not yet adjusted to the new political reality created by the rising Chinese clout, and is therefore unsure how to relate beyond the traditional model of the Russian big brother taking the Chinese little brother in hand. The government is fundamentally uneasy about China's prominent role in the SCO and its cultivation of stronger energy relationships with Central Asia, seeing this as an encroachment on Russia's former-Soviet space. In his view, regional organizations such as the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Community (EEC) are more important to the Russian leadership because of the lack of Chinese participation. While the August 28th SCO declaration on Georgia is open to interpretation, the CSTO summit statement a week later (reftel) is stronger in its support of the Russian position (NB. All members of the SCO are members of CSTO except China).

18. (SBU) On the economic front, while the trade volume is rising, there is much concern that the trade relationship is not qualitatively equal, with Russia supplying raw material in exchange for manufactured goods from China. A rising trade deficit (currently \$8.5 billion) is another source of anxiety. In what Mikheev calls a form of neo-xenophobia, some in Russia now see Chinese capital expansion, rather than migrant workers, as the main threat, fearing that Chinese purchase of Russian real estate and companies will lead to increased control over sectors of the Russian economy.

19. (C) Migration nevertheless continues to be a thorny issue. Despite the fact that Chinese residents constitute just 4% of the population in the Russian Far East, popular perceptions persist that Chinese workers are taking over the border regions. Some regional officials and press commentators have found it expedient to blame Chinese migrants and criminal gangs for the RFE's economic woes. The MFA, however, downplays the seriousness of the issue, pointing to the establishment of a ruble-Renminbi dual-currency system in border regions as a positive development for closer cross-border economic ties. Gui Congyou, while acknowledging that xenophobia is a problem that reflects a Russian discomfort, even jealousy, with regard to China's rise, believes that popular attitude are slowly changing.

Comment

10. (C) In the immediate aftermath of the Georgia crisis, Russia is looking for friends and will undoubtedly place greater importance on its bilateral relationship with China, a partner who puts a premium on noninterference in other countries' affairs. However, the increasingly close relationship between Russia and China should not be seen solely through the prism of an anti-U.S. partnership. The two neighboring countries have many areas of common interest, particularly in the economic sphere. While China refrained from criticizing Russia over Georgia, it is undoubtedly also mindful of the balancing act it must perform with regard to the U.S. and the West. As Russia and China prepare for the 13th regular meeting of their prime ministers in October, when Chinese Premier Wen Jiabao will visit Moscow, the degree to which Georgia dominates the discussions will provide hints

to the extent that the Chinese leadership will allow Russia to play the China card to the West. Since China openly competes with Russia for Central Asian energy resources, it acts as a potentially useful counterweight against Russian influence in the region. End Comment.

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